

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

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**In re**

**THE COMMONWEALTH OF PUERTO  
RICO *et al.*,**

**Debtors.<sup>1</sup>**

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)  
) **PROMESA Title III**  
)

) **No. 17 BK 3283-LTS**  
) **(Jointly Administered)**  
)

) **Re: Dkt. Nos. 5825, 7045, 7047, 7049, 7052, 7054,**  
) **8002, 8005**  
)  
)  
)  
)

**FEE EXAMINER’S SUPPLEMENTAL REPORT ON UNCONTESTED INTERIM FEE  
APPLICATIONS RECOMMENDED FOR COURT APPROVAL**

TO: HON. LAURA TAYLOR SWAIN,  
UNITED STATES DISTRICT JUDGE

With this supplemental report, the Fee Examiner recommends eight previously deferred and still uncontested interim fee applications for the Court’s approval, with adjustments, through the entry of the attached proposed order without further notice or a hearing.

**SUPPLEMENTAL REPORT**

On June 5, 2019, the Fee Examiner filed the *Fee Examiner’s Fifth Interim Report on Professional Fees and Expenses (October 1, 2018-January 31, 2019)* [Dkt. No. 7233] (the “**Fifth Interim Fee Period Report**”). The Fifth Interim Fee Period Report recommended

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the: (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and, (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

the approval of an initial group of interim fee applications for the Fourth (June 1, 2018-September 30, 2018) and Fifth Interim Fee Periods (October 1, 2018-January 31, 2019). It also notified the Court, the parties and the public of the consensual deferral of a group of applications for later consideration (the “**Deferred Interim Fee Applications**”).

On June 12, 2019, the Court held a hearing on the Fifth Interim Fee Period Report and, on June 26, 2019, the Court entered the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Fifth Compensation Period From October 1, 2018 Through January 31, 2019* [Dkt. No. 7670] (the “**Fifth Interim Compensation Order**”) allowing, with adjustments, 27 interim fee applications.

On July 17, 2019, the Fee Examiner filed the *Fee Examiner’s Supplemental Report and Status Report on Uncontested Interim Fee Applications Recommended for Court Approval at or Before the Omnibus Hearing Scheduled for July 24, 2019 at 9:30 A.M. (AST)* [Dkt. No. 8081] (the “**Supplemental Fifth Interim Fee Period Report**”). The Supplemental Fifth Interim Fee Period Report recommended the approval of 18 previously deferred uncontested interim fee applications for the Second (October 1, 2017-January 31, 2018), Third (February 1, 2018-May 31, 2018), Fourth (June 1, 2018-September 30, 2018), and Fifth (October 1, 2018-January 31, 2019) Interim Fee Periods. It also notified the Court, the parties and the public of the continued consensual deferral of some of the Deferred Interim Fee Applications as discussions between the Fee Examiner and professionals continued.

On July 23, 2019, the Court entered the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Fifth Interim Compensation Period From October 1, 2019 Through January 31, 2019* [Dkt. No. 8189]

(the “**Supplemental Fifth Interim Compensation Order**”) allowing, with adjustments, 18 additional interim fee applications.

On September 9, 2019, the Fee Examiner filed the *Informative Motion of the Fee Examiner Pursuant to Order Regarding Procedures for Attendance, Participation, and Observation of September 11-12, 2019 Omnibus Hearing* [Dkt. No. 8664] (the “**Informative Motion**”) in which the Fee Examiner reported productive discussions with respect to a number of deferred fee applications for the Fifth Interim Fee Period (October 1, 2018 through January 31, 2019), including those of Proskauer Rose LLP [Dkt. Nos. 7045, 7047, 7049, 7052, 7054]. The Informative Motion noted the Fee Examiner’s intent to submit a supplemental report, Certificate of No Objection, and proposed order for the Court’s approval of this group of Deferred Interim Fee Applications, with adjustments, no later than September 25, 2019.

The Fee Examiner has completed negotiations for consensual adjustments to, and now recommends for approval on an uncontested basis, eight additional interim fee applications as outlined on **Exhibit A**—all without objection. The Deferred Interim Fee Applications listed on **Exhibit B** remain the subject of discussions. Those applications will, with the continued consent of the applicants and with the Court’s permission, be deferred to the October 30, 2019 omnibus hearing or a later date.

### **RECOMMENDATIONS**

Pursuant to the Interim Compensation Order, the Court may grant an Interim Fee Application without a hearing if the Fee Examiner recommends approval of the Interim Fee Application(s) in full or in part, and there are no objections from a party in interest. *Interim Compensation Order* at ¶ 2(j). There have been no objections filed to these applications, and the Fee Examiner has not yet found it necessary to file an objection.

Attached to this Supplemental Report as **Exhibit C** is a proposed *Second Supplemental Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Fifth Interim Compensation Periods* (the “**Proposed Second Supplemental Fifth Interim Compensation Order**”), which embodies the consensual reductions recommended in this report. The Proposed Second Supplemental Fifth Interim Compensation Order in MS Word format will be submitted to chambers upon the filing of this Supplemental Report.

In light of this report and the absence of objection, the Fee Examiner asks that the Court enter the Proposed Second Supplemental Fifth Interim Compensation Order at its earliest convenience.

Dated: September 20, 2019.

**WE HEREBY CERTIFY** that on this date, we electronically filed the foregoing motion with the Clerk of the Court using the CM/ECF system that will send notification of such filing to all attorneys of record registered in the use of the CM/ECF system.

EDGE LEGAL STRATEGIES, PSC

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## Fifth Interim Fee Period Applications Recommended for Approval:

Applicant	Compensation Period	Interim Fees Requested	Fee Examiner's Recommended Fee Adjustments	Interim Expenses Requested	Fee Examiner's Recommended Expense Adjustments	Interim Fees Recommended for Approval	Interim Expenses Recommended for Approval
<b>Fifth Interim Fee Period (October 1, 2018 - January 31, 2019)</b>							
<i>Bankruptcy Counsel to Debtors - Commonwealth</i>							
1-a Proskauer Rose LLP [Dkt. No. 7045]	10/1/2018 - 1/31/2019	\$ 6,776,395.60	\$ 220,232.86	\$ 286,789.32	\$ 9,320.65	\$ 6,556,162.74	\$ 277,468.67
<i>Bankruptcy Counsel to Debtors - COFINA</i>							
1-b Proskauer Rose LLP [Dkt. No. 7054 -- 17-03284 Dkt. No. 636]	10/1/2018 - 2/12/2019	\$ 4,326,071.10	\$ 140,597.31	\$ 93,096.52	\$ 3,025.64	\$ 4,185,473.79	\$ 90,070.88
<i>Counsel for Debtors - HTA</i>							
1-c Proskauer Rose [Dkt. No. 7047 -- 17-03567 Dkt. No. 565]	10/1/2018 - 1/31/2019	\$ 892,478.50	\$ 29,005.55	\$ 43,161.01	\$ 1,402.73	\$ 863,472.95	\$ 41,758.28
<i>Counsel for Debtors - ERS</i>							
1-d Proskauer Rose [Dkt. No. 7049 -- 17-03566 Dkt. No. 521]	10/1/2018 - 1/31/2019	\$ 723,949.50	\$ 23,528.36	\$ 49,023.60	\$ 1,593.27	\$ 700,421.14	\$ 47,430.33
<i>Counsel for Debtors - PREPA</i>							
1-e Proskauer Rose [Dkt. No. 7052 -- 17-04780 Dkt. No. 1247]	10/1/2018 - 1/31/2019	\$ 2,578,297.70	\$ 83,794.68	\$ 78,301.24	\$ 2,544.79	\$ 2,494,503.02	\$ 75,756.45
<i>Puerto Rico Counsel for AAFAF</i>							
2 Marini Pietrantonio Muniz LLC [Dkt. No. 5825]	10/1/2018 - 1/31/2019	\$ 302,011.65	\$ 2,250.45	\$ 5,930.22	\$ 424.25	\$ 299,761.20	\$ 5,505.97
<i>Communications Advisor to the Official Committee of Unsecured Creditors</i>							
3 Kroma Advertising, Inc. [Dkt. No. 8002]	1/16 - 5/15/2019	\$ 120,000.00	\$ -	\$ -	\$ -	\$ 120,000.00	\$ -
<i>Member of the Official Committee of Unsecured Creditors</i>							
4 Drivetrain, LLC [Dkt. No. 8005]	10/1/2018 - 5/31/2019	\$ -	\$ -	\$ 1,784.44	\$ 139.10	\$ -	\$ 1,645.34

## Third - Fifth Interim Fee Period Applications TO BE DEFERRED:

Applicant	Compensation Period	Interim Fees Requested	Fee Examiner's Recommended Fee Adjustments	Interim Expenses Requested	Fee Examiner's Recommended Expense Adjustments	Interim Fees Recommended for Approval	Interim Expenses Recommended for Approval
<b>Third Interim Fee Period (February 1 - May 31, 2018)</b>							
1	Investment Banker and Financial Advisor to FOMB Citigroup Global Markets Inc. [Dkt. No. 4020]	2/01 - 5/31/2018	\$ 1,803,571.43		\$ 40,912.98		
<b>Fourth Interim Fee Period (June 1 - September 30, 2018)</b>							
2	Investment Banker and Financial Advisor to FOMB Citigroup Global Markets Inc. [Dkt. No. 4897]	6/01 - 9/30/2018	\$ 1,975,000.00		\$ 20,450.63		
3	Financial Advisor and Investment Banker to AAFAF Rothschild & Co US Inc. [Dkt. No. 8512]	10/01/2018 - 2/28/2019	PREVIOUSLY	APPROVED	\$ 63,468.70		
4	Debtors' Financial Advisor Deloitte Financial Advisory Services LLP [Dkt. No. 8520]	6/01 - 9/30/2018	\$ 3,021,163.10		\$ 116,696.34		
<b>Fifth Interim Fee Period (October 1, 2018 - January 31, 2019)</b>							
5	Independent Forensic Analysis Team to FOMB Duff & Phelps LLC [Dkt. No. 5800; amnded Dkt. No. 8450]	11/1/2018 - 1/31/2019	\$ 1,914,104.50		\$ 71,798.08		
6-a	Consulting Services Provider to FOMB - PREPA McKinsey & Company, Inc. [Dkt. No. 5802 and 17-04780 Dkt. No. 1132]	10/1/2018 - 1/31/2019	\$ 2,960,000.00		\$ -		
6-b	Consulting Services Provider to FOMB - Commonwealth McKinsey & Company, Inc. [Dkt. No. 5804]	10/1/2018 - 1/31/2019	\$ 5,670,000.00		\$ -		
6-c	Consulting Services Provider to FOMB - HTA McKinsey & Company, Inc. [Dkt. No. 5805 and 17-03567 Dkt. No. 543]	10/1/2018 - 1/31/2019	\$ 1,240,000.00		\$ -		
7	Counsel for PREPA Greenberg Traurig [Dkt. No. 5716 and 17-04780 Dkt. No. 1129]	10/1/2018 - 1/31/2019	\$ 1,040,868.60		\$ 18,115.44		
8	Puerto Rico Counsel for PREPA Cancio Nadal Rivera & Diaz P.S.C. [Dkt. No. 5810 and 17-04780 Dkt. No. 1133]	10/1/2018 - 1/31/2019	\$ 541,280.00		\$ 756.22		
9-a	Financial Advisors to Commonwealth Ankura Consulting Group, LLC [Dkt. No. 8454]]	10/1/2018 - 1/31/2019	\$ 3,223,148.50		\$ 181,809.03		
9-b	Financial Advisors to PREPA Ankura Consulting Group, LLC [Dkt. No. 1137 (17-04780)]	10/1/2018 - 1/31/2019	\$ 3,080,936.50		\$ 228,902.66		
10-a	Counsel to AAFAF - PREPA O'Melveny & Myers [Dkt. No. 6042 and 1147 (17-04780)]	10/1/2018 - 1/31/2019	\$ 4,076,587.31		\$ 57,507.47		
10-b	Counsel to AAFAF - COFINA O'Melveny & Myers [Dkt. No. 6043]	10/1/2018 - 1/31/2019	\$ 1,412,850.36		\$ 16,394.02		
10-c	Counsel for AAFAF - ERS O'Melveny & Myers [Dkt. No. 6044]	10/1/2018 - 1/31/2019	\$ 188,464.21		\$ 10,558.23		
10-d	Counsel to AAFAF - HTA O'Melveny & Myers [Dkt. No. 6045]	10/1/2018 - 1/31/2019	\$ 180,162.60		\$ 6,214.30		
10-e	Counsel to AAFAF - Commonwealth O'Melveny & Myers [Dkt. No. 6047]	10/1/2018 - 1/31/2019	\$ 4,402,648.26		\$ 136,119.82		
11	Special Municipal Bankruptcy Counsel for COFINA Agent Klee Tuchin Bofdanoff & Stern LLP [Dkt. No. 5783]	10/1/2018 - 2/12/2019	\$ 279,280.50		\$ 379.61		
12	Neutral Vendor for FOMB EPIQ Corporate Restructuring and EPIQ eDiscovery Solutions [Dkt. No. 5917]	8/14 - 11/30/2018	\$ 148,745.00		\$ 103,537.58		

## Third - Fifth Interim Fee Period Applications TO BE DEFERRED:

	Applicant	Compensation Period	Interim Fees Requested	Fee Examiner's Recommended Fee Adjustments	Interim Expenses Requested	Fee Examiner's Recommended Expense Adjustments	Interim Fees Recommended for Approval	Interim Expenses Recommended for Approval
	<i>Puerto Rico Counsel to FOMB</i>							
13	<b>O'Neill &amp; Borges LLC [Dkt. No. 6296]</b>	10/1/2018 - 1/31/2019	\$ 418,754.85		\$ 6,604.94			
	<i>Financial Advisors to Commonwealth</i>							
14	<b>Conway MacKenzie [Dkt. No. 7439]</b>	11/1/2018 - 2/28/2019	\$ 4,000,000.00		\$ -			



## **EXHIBIT C**

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

<b>In re</b>	)	
	)	<b>PROMESA Title III</b>
	)	
<b>THE COMMONWEALTH OF PUERTO RICO</b>	)	<b>No. 17 BK 3283-LTS</b>
<i>et al.,</i>	)	<b>(Jointly Administered)</b>
	)	
<b>Debtors.<sup>1</sup></b>	)	<b>Re: Dkt. Nos. 5825, 7045, 7047, 7049, 7052, 7054,</b>
	)	<b>8002, 8005</b>
	)	
	)	
	)	

**SECOND SUPPLEMENTAL OMNIBUS ORDER AWARDING INTERIM  
ALLOWANCE OF COMPENSATION  
FOR PROFESSIONAL SERVICES RENDERED AND REIMBURSEMENT OF  
EXPENSES FOR THE FIFTH INTERIM COMPENSATION PERIOD  
FROM OCTOBER 1, 2019 THROUGH JANUARY 31, 2019**

This matter coming before the Court on the eight interim fee applications (together Dkt. Nos. 5825, 7045, 7047, 7049, 7052, 7054, 8002, 8005 (the “**Applications**”)) indicated as “Recommended for Approval” on the attached **Exhibit A**, pursuant to sections 316 and 317 of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), Pub. L. No. 114-187, §§ 316, 317, 130 Stat., 549, 584-85 (2016), and Rule 2016 of the Local Rules of Bankruptcy Practice and Procedure of the U.S. Bankruptcy Court for the District of Puerto Rico, for the interim allowance of certain fees, including all holdbacks and expenses incurred by the

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the: (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and, (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Applicants for the specific period of time set forth in each of the Applications (the “**Compensation Period**”); filed in accordance with the *Order Setting Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Dkt. No. 1150] (the “**Interim Compensation Order**”); the *First Amended Order Setting Procedures of Interim Compensation and Reimbursement of Expenses of Professionals* [Dkt. No. 1715] (the “**First Amended Interim Compensation Order**”); the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Dkt. No. 3269] (the “**Second Amended Interim Compensation Order**”); the *Order Pursuant to PROMESA Sections 316 and 317 and Bankruptcy Code Section 105(A) Appointing a Fee Examiner and Related Relief* [Dkt. No. 1416] (the “**Fee Examiner Order**”); and the *First Amended Order Pursuant to PROMESA Sections 316 and 317 and Bankruptcy Code Section 105(A) Appointing a Fee Examiner and Related Relief* [Dkt. No. 3324] (the “**First Amended Fee Examiner Order**”); and the Court having reviewed the Applications and/or the supplemental report filed by the Fee Examiner with respect to the Applications [*see* Dkt. No. \_\_\_\_]; and the Court finding that:

(a) the Court has jurisdiction over this matter pursuant to PROMESA section 306(a); and

(b) notice of the Applications and the hearing thereon being adequate under the circumstances;

and (c) all parties with notice of the Applications having been afforded the opportunity to be heard on the Applications, and no objections having been filed; now therefore

IT IS HEREBY ORDERED THAT:

1. The Applications are GRANTED on an interim basis, to the extent set forth on the attached **Exhibit A**.
2. Each of the Applicants is allowed (a) interim compensation for services rendered during the Compensation Period and (b) interim reimbursement for actual and necessary

expenses incurred during the Compensation Period, each in the respective amounts set forth on the attached **Exhibit A**, including, except as otherwise indicated, any and all holdbacks.

3. To the extent not already paid pursuant to the Interim Compensation Order, the Debtors are hereby authorized and directed to pay, except as otherwise indicated on **Exhibit A**, each of the Applicants 100 percent of the fees and 100 percent of the expenses listed on **Exhibit A** under the columns “Interim Fees Recommended for Approval” and “Interim Expenses Recommended for Approval,” respectively, for services rendered and expenses incurred during the Compensation Period.

4. Pursuant to the Fee Examiner’s supplemental report, the interim fee applications listed on the attached **Exhibit B** remain adjourned for consideration at a later hearing date.

SO ORDERED.

Dated: September \_\_\_\_, 2019.

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LAURA TAYLOR SWAIN  
United States District Judge

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